



One Lumos Plaza
Waynesboro, Va. 22980

November 14, 2016

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 10-90
nTelos, Inc.
Notice of *Ex Parte*

Dear Ms. Dortch:

On November 2, 2016, the Federal Communications Commission ("FCC" or "Commission") released a Public Notice announcing that 216 rate-of-return companies filed letters to elect Alternative Connect America Cost Model ("A-CAM") support for 274 study areas, which exceeded the available A-CAM budget by more than \$160 million annually.¹ To contend with the oversubscription, the FCC intends to take "other measures that may be necessary" in order to prioritize among electing carriers or modify A-CAM parameters such as the per-location cap or the level of deployment. In the A-CAM Results PN, the FCC encouraged parties to submit *ex partes* into the record with recommendations on how the FCC should handle the excessive demand of the A-CAM.

nTelos, Inc. ("nTelos" or the "Companies") respectfully responds to the FCC's call for recommendations for how to proceed with modifying the A-CAM to fit the budget. Lumos Telephone of Botetourt Inc. and Lumos Telephone Inc., two ILEC subsidiaries of nTelos, serve rural areas of western and central Virginia with some very remote and isolated areas between the Blue Ridge Mountains and the Appalachian Mountains. Lumos Telephone of Botetourt serves an area of 315 square miles with an average density of 30 households per square mile. Lumos Telephone serves an area of 591 square miles. nTelos is concerned that although it has elected the A-CAM for its two ILEC study areas, the arduous decision process may return to "square one" if the FCC decides to completely exclude certain carriers from the A-CAM or, if the FCC chooses to lower the \$200 funding

¹ See Wireline Competition Bureau Announces Results of Rate-of-Return Carriers That Accepted Offer of Model Support, WC Docket No. 10-90, DA 16-1246 (rel. Nov. 2, 2016) ("A-CAM Results PN").

cap, allow only a very short timeframe for n'Telos to decide whether or not to elect A-CAM after releasing a revised version.²

nTelos first and foremost recommends that the Commission consider allocating enough additional funding to the A-CAM to cover the more than \$160 million annual overage, as this is the only equitable way to respond to the 216 companies that voluntarily elected the A-CAM with the intention of deploying broadband to their unserved areas. It is also the best way to ensure that the millions of unserved rural Americans, whose locations were uncovered in the extensive A-CAM development process, will be served within a reasonable period of time without further perpetuating the "rural-rural divide."

In the event that the FCC decides to make modifications to the A-CAM, nTelos supports the recommendation made by Home Telephone Company not to eliminate A-CAM electors whose model-based support is less than legacy support in attempts to reconcile the oversubscription issue.³ nTelos is a "glide path adopter," whose model-based support is less than its legacy support. As such, the two nTelos study areas did not contribute to the budget short-fall, which was caused by too many "model winners" electing the model. nTelos agrees with Home Telephone Company that it would not be in the public interest to eliminate glide path adopters, "since glide path companies actually assist in lowering any over-subscription problem, thus increasing connectivity."⁴ If the FCC makes modifications to the A-CAM such as lowering the 90% threshold or the \$200 cap, glide path adopters should be exempt from the modifications and be allowed to accept the initial A-CAM support offer that they elected by November 1.

Even though nTelos was not a model winner, the Companies felt that the A-CAM provided a clear path and adequate funding to help connect the remaining unserved locations in the study areas. nTelos elected the A-CAM because the Companies took into account the significant deployment hardships that they face to ensure that their remaining unserved locations get access to broadband in a timely manner. nTelos serves a mix of densely populated areas and locations in the country that are wide spread, remote, isolated, with mountainous rocky terrain. These are the areas that creates challenges to construction of facilities and provision of service; and these are the unserved areas that nTelos would serve with A-CAM support. The Companies face tremendous broadband deployment hardships in addition to capital constraints and require the consistent level of support that the A-CAM provides.

Additionally, nTelos went through a tedious analysis that led it to determine that Legacy Rate-of-Return support is too unpredictable in contrast to the A-CAM. Reducing or disqualifying nTelos's A-CAM support has the very likely outcome of making both Legacy and A-CAM support insufficient for deploying 10/1 Mbps or greater broadband to

² If the FCC figures out a way to maintain the \$200 per location funding cap, the November 1 election notices are irrevocable (*see* Wireline Competition Bureau Announces Support Amounts Offered to Rate-of-Return Carriers to Expand Rural Broadband, WC Docket No. 10-90, DA 16-869 (rel. Aug. 3, 2016) ("A-CAM Offer PN")), but in the A-CAM Results PN, the FCC notes that the per location funding cap would need to be set below \$146.10 in order to accommodate the election of all 216 rate-of-return carriers. Therefore, it seems likely that the \$200 cap will not be maintained, the FCC will have to release a modified A-CAM offer, and each of the A-CAM electors will have to re-evaluate the results.

³ *See* Letter from Keith Oliver, Home Telephone Company, WC Docket No. 10-90 (filed Oct. 14, 2016).

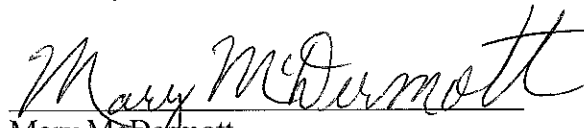
⁴ *Id.*, at 2.

unserved locations in areas of its study areas that are not competitive or financially practical for the company to invest its own capital.

nTelos understands that the FCC has to work within the confines of an overall budget, but believes that some flexibility can be infused in the A-CAM oversubscription situation to ensure that all of the 216 companies that elected the A-CAM can move forward with the voluntary model at the level that they elected by November 1. The FCC should be proud of its efforts to create a voluntary support model that 216 different companies representing 274 study areas, nearly a third of the rate-of-return carrier universe, want to elect. The FCC should not prevent even one of these companies from proceeding expeditiously with broadband deployment plans. Accordingly, the concept of disqualifying or reducing A-CAM support for glide path adopters must be rejected. The FCC should instead allocate enough funding to cover the more than \$160 annual oversubscription.

Please direct any questions regarding the filing to the undersigned.

Sincerely,

A handwritten signature in black ink, reading "Mary McDermott". The signature is fluid and cursive, with a horizontal line drawn underneath the name.

Mary McDermott
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